



# Commonwealth of Massachusetts Department of Early Education and Care

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## Advisory Council

*June 28, 2021*



# Agenda

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1. Department Updates
2. Strategic Plan Update
3. CCDF Plan Update
4. Federal Funding Overview

# Current State of Child Care

## Child Care Re-Opening Trends (Family Child Care & Group/School Age)

Region and Type	# programs pre-COVID	# programs open June 6	% Returned
1 – Western FCC	873	716	82%
1 – Western GSA	394	320	81%
2 – Central FCC	1157	1003	87%
2 – Central GSA	522	476	91%
3 – Northeast FCC	1296	1108	85%
3 – Northeast GSA	675	635	94%
5 – Southeast & Cape FCC	938	800	85%
5 – Southeast & Cape GSA	614	591	96%
6 – Metro Boston FCC	1066	956	90%
6 – Metro Boston GSA	687	610	89%

### Capacity Updates

**209,102 licensed capacity slots** are now estimated to be available based on current LEAD data, representing **90% of EEC licensed capacity pre-COVID** (as of June 6, 2021)

## Economic and Employment Trends



In surveying of MA employers, over 70% are concerned about sustaining their female workforce



State's ability to address its child care crisis is a predictor of women's labor force return



Women's labor force participation is a key driver for economic growth

## Operational Strains for Providers

- Many providers can't operate at full capacity due to staffing shortages
- Family Child Care losing ~\$600 average per month (Dec '20)
- Center Based losing ~\$6,000 average per month (Dec '20)
- Of all potential priorities for operational spending, programs cited increases to educator wages and income as highest (March '21)

### Who is the Child Care Workforce?

*Bipartisan Policy Center Feb 2021*

- 92% female
- 41% people of color
- 47% more than HS degree

# FY21 Operational Grants to Support Providers



**EEC invested \$30M in state funding** to address compensation for the workforce who provided in-person education and supports throughout the pandemic to date.

## **Center-Based Workforce Grants**

- **Eligibility:** Center-based providers who served at least one subsidized child since 7/1/18 (1,378 or ~50%)
- Funds distributed based on capacity
  - \$150 \* licensed capacity; \$30 per remote learner bonus if open for remote learning supports
  - 90% of funds must be used to support compensation for staff directly serving children

## **Family Child Care Facilities Grants**

- **Eligibility:** All Family Child Care providers (5,500)
- Flat grant per provider
  - \$3,000/home; \$150 bonus if open for remote learning support
  - Funds to address health and safety program investments or quality enhancements; can reimburse themselves for improvements already made or invest in new enhancements

# FY21 Operational Grants to Support Providers



*EEC extended the deadline for the Center-Based Workforce and Family Child Care Facilities grants to June 11, 2021, to ensure as many eligible providers as possible can take advantage of this opportunity.*

EEC has been working in coordination with PCG to provide technical support to providers:

**PCG Technical Support (as of 6/18/21):**

Total email responses: 4,197

Total phone calls: 3,784 (1,115 Spanish, 24 Portuguese)

Total voicemails: 1,935 (612 Spanish, 5 Portuguese)

EEC is continuing to take feedback from the field on this process and will assess improvements to ongoing support as we plan for future grants.

## Center-Based Workforce\*

## Family Child Care Facilities\*

**Approved**

594

2,556

**In Progress**

522

1,009

**Grand Total**

1,116 (80% of eligible)

3,565 (65% of eligible)

\*As of 6/6/21

# COVID-19 Recovery Updates & Policy Proposals



On May 29, 2021, EEC rescinded its COVID-19 specific requirements to eliminate any specific health and safety restrictions on programs. **EEC proposes to maintain the following flexibilities to support program operations and family access in the months ahead.**

	Updates & Context	Policy Proposal
<b>Subsidies</b>	<ul style="list-style-type: none"><li>• EEC is projecting up to ~\$120M surplus in the caseload account due to fluctuations in enrollment.</li><li>• Surplus funding will be transferred to an operational reserve account to support FY22 operational supports.</li></ul>	<ul style="list-style-type: none"><li>• Continue to make subsidy payments based on enrollment rather than attendance</li><li>• Continue to offer 6-month provisional authorizations for families without employment requirements</li><li>• Continue to allow providers to discount tuition prices as needed</li></ul>
<b>Licensing</b>	<ul style="list-style-type: none"><li>• EEC implemented many expedited processes during COVID that have streamlined regulatory and bureaucratic requirements for small child care businesses.</li><li>• EEC is working on a revised set of licensing regulations that are expected to be ready for review this summer, integrating learnings from COVID.</li></ul>	<ul style="list-style-type: none"><li>• Return to monitoring cycle and in-person monitoring visits after July 2, 2021, in consultation with SEIU</li><li>• Maintain expedited procedures for renewing, modifying or applying for new child care licensure</li><li>• Continue to defer licensing fees through FY22 (approx. \$900k/year collected from child care licensing fees)</li><li>• Waive enforcement of some health and safety requirements as recovery evolves (e.g. requiring providers to brush children’s teeth)</li></ul>
<b>Workforce</b>	<ul style="list-style-type: none"><li>• Despite relaxed workforce requirements during COVID, workforce shortages account for the biggest constraint on capacity during recovery.</li></ul>	<ul style="list-style-type: none"><li>• Waive enforcement of specific regulations related to educator requirements (and disseminate guidance through policy) to minimize barriers for participation in the EEC workforce (e.g. specific staff qualifications and coursework requirements)</li></ul>

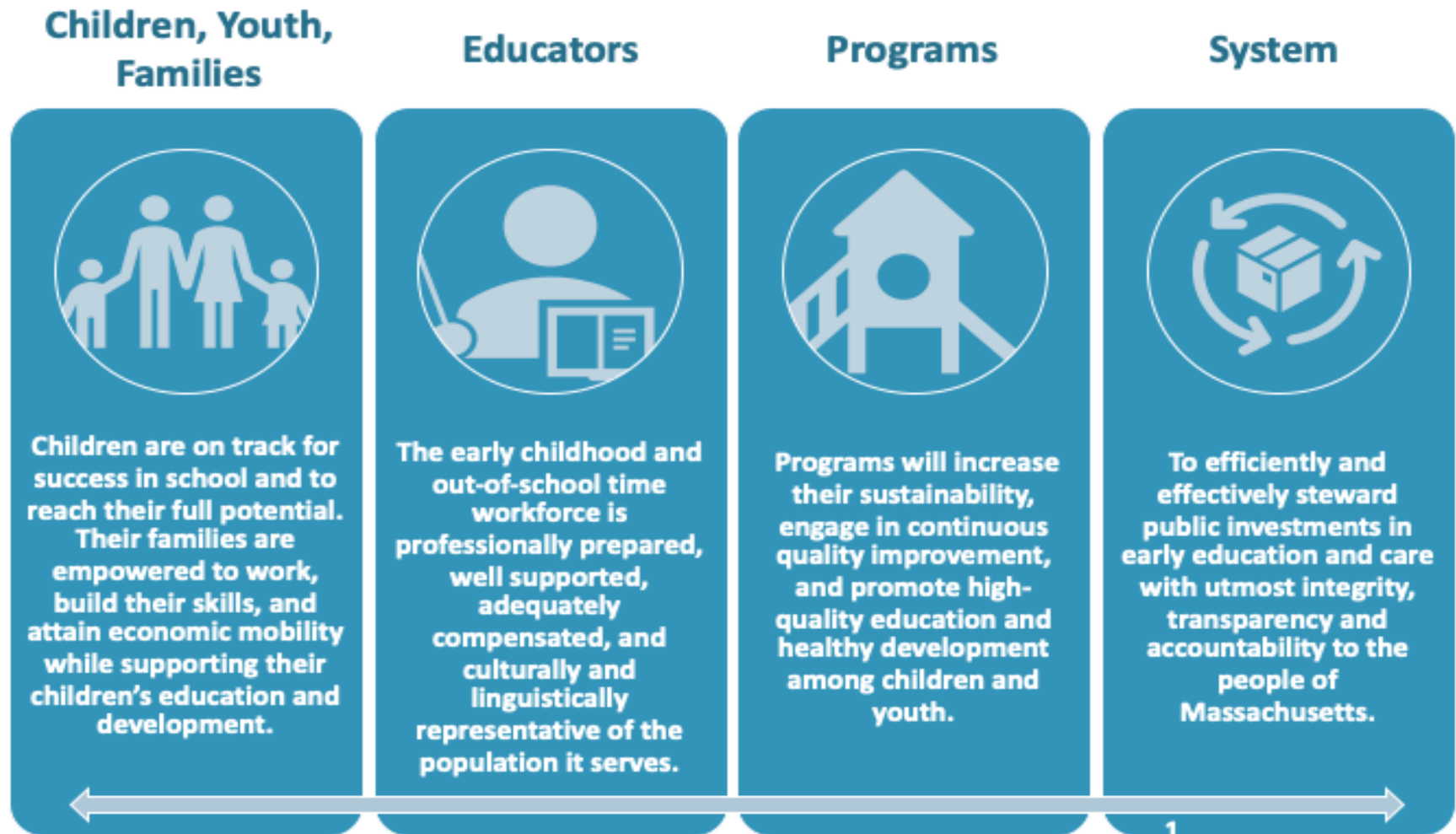
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# Strategic Plan Goals Hold Steady



EEC engaged with over 7,000 voices through strategic plan re-launch and engagement



# Strategic Plan Implementation Highlights

## Cross-Pillar Achievement Highlights from the Past Year

- ✓ **Built innovation in the subsidy system** to support access for families and stability for providers
- ✓ **Provided support for summer learning** grants to expand school readiness strategies during pandemic recovery
- ✓ **Launched key workforce improvements**, including credentialing system, Professional Registry system, and new Background Record Check regulations and policies
- ✓ **Sustained 88% of programs throughout the pandemic** by providing funding flexibility and technical support
- ✓ **Designed and launched workforce and operational funding strategies** to rebuild capacity and increase quality across the field
- ✓ **Began cross-sector collaboration to examine intersecting issues across child care, business, and workforce domains**



EEC will use **multiple mechanisms to enact change across each strategic plan pillar** in FY22, including rebidding contracts, collecting and analyzing new data, and **leveraging public-private partnerships.**

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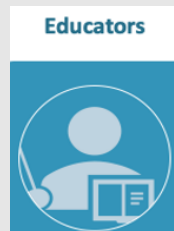
# CCDF Plan Overview

- In order to receive CCDF funds, Federal law requires all States to submit a State Plan every three years to summarize its child care programs and certify its compliance with CCDBG requirements.
- **The CCDF plan is a living document, that EEC will update as key initiatives change.**
- The engagement EEC facilitated through its Strategic Action Plan Engagement Portal has driven the development of this plan, and the **CCDF plan is firmly rooted in strategic plan goals.**
- **EEC is collecting feedback on the state plan through June 22<sup>nd</sup>.** The final version will be posted on the EEC Engagement Portal on June 28<sup>th</sup>.

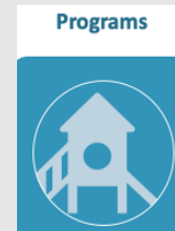
## CCDF Highlights by Strategic Plan Pillar



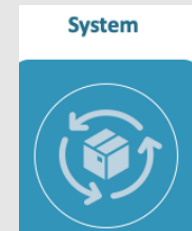
- New parent fee chart
- Efforts to achieve affordability and access for families from low-income households, including subsidy policies EEC implemented during the COVID-19 emergency



- Credentialing Framework
- Career Pathways and the process EEC is undergoing to develop a robust professional road map
- EEC's streamlined background record check processes



- Business support for programs
- Outlines mental and behavioral health supports
- Early Childhood Support Organization (ECSO) Initiative piloting targeted instructional leadership coaching



- QRIS redesign
- Assess Market Rates and Cost of Child Care

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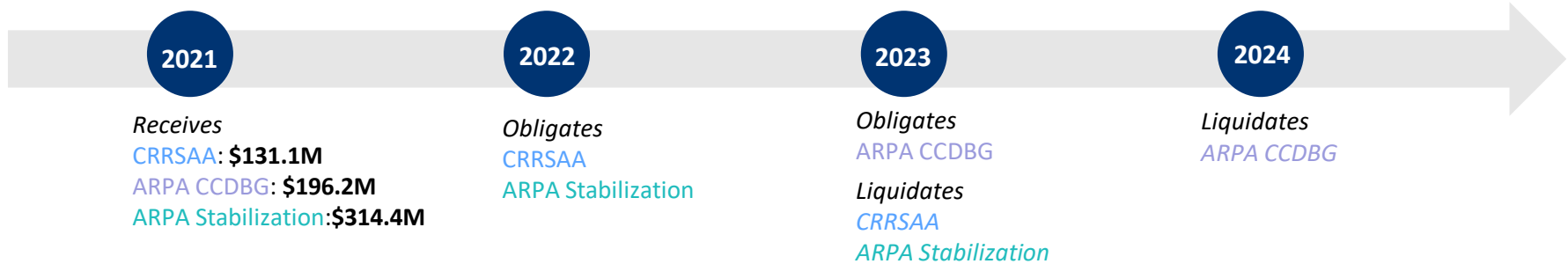


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# Federal Funding for Childcare



*EEC will continue to use federal funding to maximize support for providers, educators, children and families throughout FY22 and FY23.*



**ARPA Child Care Stabilization**

Distribute 6 months of direct grants to providers to support their operational capacity (see next slides for more information).

Key Requirements from Federal Legislation:

- 90% of funds must be distributed as direct grants to providers.
- Eligible child care providers are those that were licensed or approved as of 3/11/21

**CRRSAA CCDBG**

Included in the Supplemental Budget Request; proposed spending considerations for FY22 may include:

- Provider supports
- System-level Workforce Investments
- Technology investments for future innovation flexibility

**ARPA CCDBG**

Pending recommendations of the Legislature's Economic Review Commission, EEC will develop a spending plan with priorities that may include:

- Provider supports
- System-level Workforce Investments
- Scaling business and innovation incentives for providers

*Our focus for today's discussion*



# 6-month ARPA Child Care Stabilization Grants

## Key ARPA Child Care Stabilization Requirements:

- States must distribute 90% of funding as direct grants to providers.
- States should obligate at least 50% of funding by December 2021.
- Eligible child care providers were licensed (either open or closed due to COVID-19) as of 3/11/21.

## Key Features of Grant Funding Proposal

- **At least \$225M and up to \$283M (90%) of total ARPA Child Care Stabilization funding**
- **Distributed in six monthly payments** beginning in July to support a percentage of operating costs, targeting ~10% of costs as a baseline
- Funding amounts determined **via simple formula accounting for capacity and staffing costs**
- Operates in addition to current state funding (**does not replace or alter existing subsidy system**)
- **Goes to all licensed programs**, based on capacity and adjusted to account for equity

## Guiding Principles

	Short Term	Long Term
<b>Stability</b>	Help programs continue to operate capacity	Maintain investments in quality to innovate from post-recovery
<b>Adequacy</b>	Support healthy finances to sustain operations despite enrollment fluctuations	Establish tracking of programs' investment in adequate compensation
<b>Equity</b>	Focus on bolstering capacity in vulnerable and minority communities; support minority owned businesses	Respond to unique needs of providers who serve children and families of color and low-income communities
<b>Simplicity</b>	Avoid creating heavy burden on providers	Collect information to target future investments

# Background: Commonwealth Care for Children (C3) Formula



- COVID has reinforced the necessity for improving business stability for child care and identifying a different financing model.
- **EEC has engaged Third Sector Capital Partners to build a formula methodology** that draws on existing work completed by EEC during strategic planning and develop an economic model to evaluate the impact of a capacity-based formula grant.
- EEC has hosted a series of engagement sessions and focus groups to inform C3 formula design:

## Key Feedback from Field

- The need for sufficient funds to ensure programs can continue operating is urgent
- The process for receiving funds needs to be clear, simple, and straightforward
- Program location alone cannot identify all programs enrolling underserved children and families



# Commonwealth Care for Children (C3) Formula

## Key Formula Components:

- **Starting amount will be based on a percentage of operating costs.** This would be adjusted for programs that have higher investments in staff and those serving vulnerable communities.
- All elements of the formula have been vetted to **evaluate the impact on equity, distribution across the Commonwealth, and funding for Gateway Cities**
- **Equity Adjustment** helps account for those serving vulnerable communities and children
- Formula **uses Social Vulnerability Index (SVI) as an indicator of community need**; allows for outliers where needed
- Funds to small business will be targeted by factoring in the relative compensation of the CEO compared to the educators
- Third Sector will test model to inform ongoing efforts and the recommendations of the Economic Review Commission

EQUATION = **BASE AMOUNT + Equity Adjustment**

*EEC is considering the feasibility of capping or otherwise reducing payments for programs with an unacceptably high level of CEO compensation relative to educator compensation*

### Base Amount

**Base Amount =**

(\$ starting \$ amount \* **X**

Licensed Capacity for GSA (or flat amount for FCC) - *not* enrollment **X**

Multiplier for Educator/ Licensed Capacity Ratio \* **X**

Adjusting the size of payments based on the # of educators  $\uparrow$  \$ for providers that:

- Serve younger kids
- Offer longer hours
- Offer higher quality care

### Equity Adjustment

**Equity Adjustment =**

**Level 1:** (Base Amount \* 25%) if...

- SVI  $\geq .55$  and  $< .75$  OR
- 33 - 66% of enrolled children receive subsidies

**Level 2:** (Base Amount \* 35%) if...

- SVI  $\geq .75$  OR
- $>66\%$  of enrolled children receive subsidies



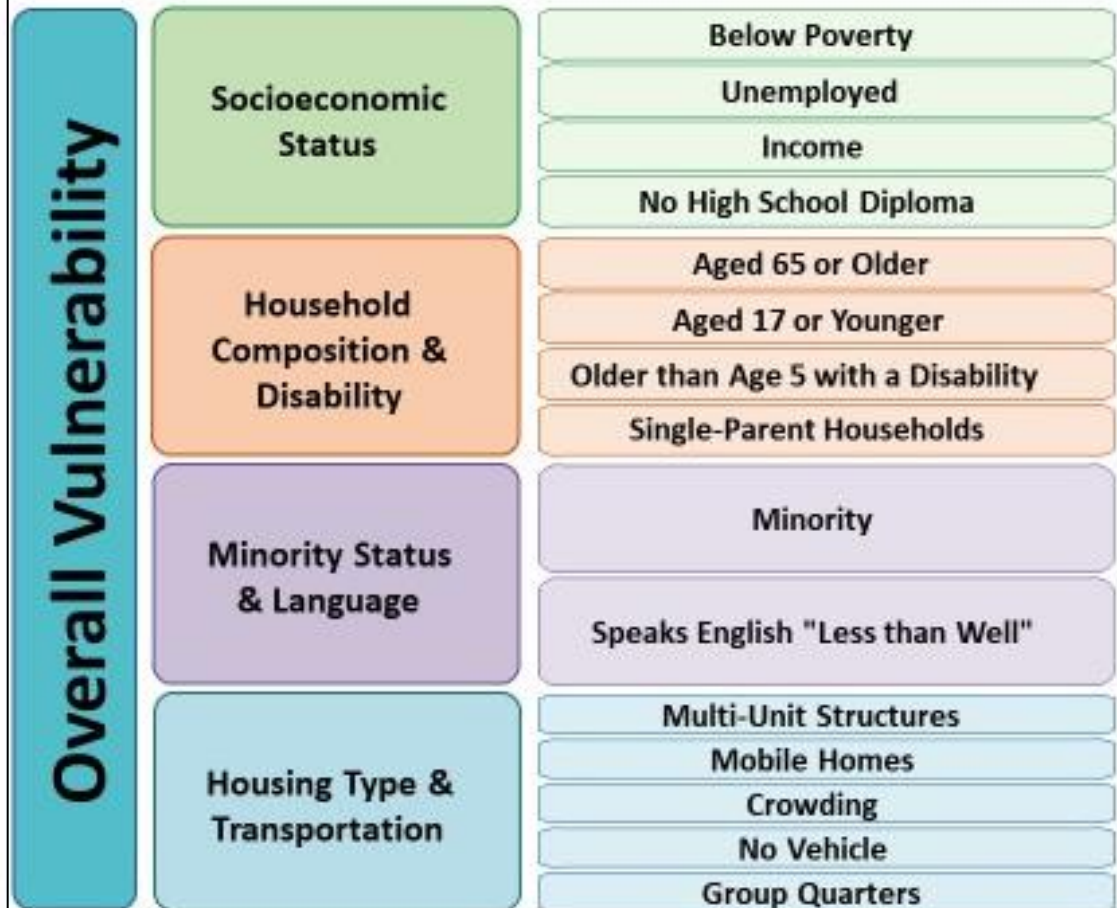
# What is the SVI?



## SVI Context

- SVI=The Social Vulnerability Index
- SVI is a comprehensive metric [developed by the CDC](#)
- SVI Scores are from 0 to 1 - relative to Massachusetts only
- Takes into account 15 variables at the census tract level
- In a perfect world - the formula could reflect actual enrollment - but the SVI is one way to make our best guess of who each provider is serving

## SVI Variables



## Next Steps